

WEST CALCASIEU-CAMERON HOSPITAL
Calcasieu-Cameron
Hospital Service District
Sulphur, Louisiana

Financial Statements
December 31, 2009 and 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/14/10

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Calcasieu-Cameron Hospital
Calcasieu-Cameron Hospital Service District
Sulphur, Louisiana

I have audited the accompanying financial statements of West Calcasieu-Cameron Hospital as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Hospital's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of West Calcasieu-Cameron Hospital as of December 31, 2008, were audited by other auditors whose report dated June 15, 2009, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Calcasieu-Cameron Hospital as of December 31, 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on Pages 3 through 6 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 17, 2010 on my consideration of West Calcasieu-Cameron Hospital's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Steven M. DeKane, CPA

Lake Charles, Louisiana
June 17, 2010

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2009**

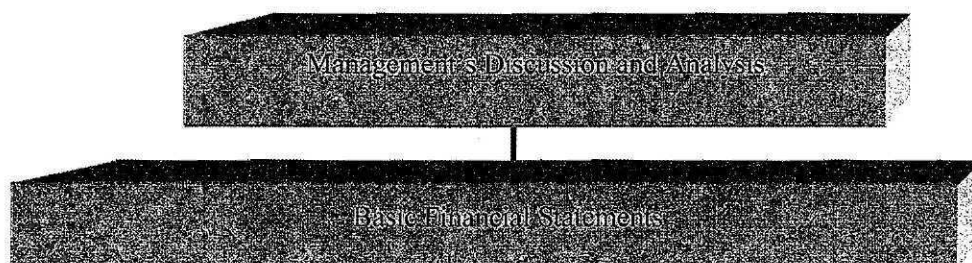
The Management's Discussion and Analysis of the West Calcasieu-Cameron Hospital (the Hospital) financial performance presents a narrative overview and analysis of the Hospital's financial activities for the year ended December 31, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- ★ The Hospital's assets exceeded its liabilities at the close of fiscal year 2009 by \$38,869,846 which represents a 5.3% increase from last fiscal year. Of this amount, \$19,253,742 (unrestricted net assets) may be used to meet the Hospital's ongoing obligations to its users.
- ★ The Hospital's net patient revenue increased \$755,259 (or 1.2%) and the total operating expenses increased by \$1,390,001 (or 2.2%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2009**

Basic Financial Statements

The basic financial statements present information for the Hospital as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Combined Balance Sheets; the Combined Statements of Revenues and Expenses; and Combined Statements of Changes in Net Assets; and the Combined Statements of Cash Flows.

The Combined Balance Sheets (pages 7 - 8) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Hospital is improving or deteriorating.

The Combined Statements of Revenues and Expenses (page 9) presents information showing how the Hospital's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Combined Statements of Changes in Net Assets (page 10) presents information showing how the Hospital's assets changed as a result of current year operations.

The Combined Cash Flow Statements (pages 11 - 12) presents information showing how the Hospital's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	2009	2008	2007
Current and other assets	\$26,312,795	\$38,183,993	\$30,008,329
Capital assets	43,862,195	32,482,914	26,209,215
Total assets	70,174,990	70,666,907	56,217,544
Other liabilities	7,066,384	7,241,789	6,739,716
Long-term debt outstanding	24,238,764	26,524,234	13,537,341
Total liabilities	31,305,148	33,766,023	20,277,057
Net assets:			
Invested capital assets, net of debt	19,616,104	5,949,563	12,657,163
Unrestricted	19,253,738	30,951,321	23,283,324
Total net assets	38,869,842	36,900,884	35,940,487
Total liabilities and net assets	\$70,174,990	\$70,666,907	\$55,677,683

Restricted net assets represent those assets that are not available for spending as a result of bond agreements. Conversely, unrestricted net assets are those that do not have any limitations for which these amounts may be used.

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2009**

The net assets of the Hospital increased by \$1,968,962, or 2.73%, from December 31, 2008 to December 31, 2009.

	2009	2008	2007
Operating revenues	\$ 60,613,908	\$ 60,494,371	\$ 56,921,698
Operating expenses	65,023,193	63,770,922	58,572,965
Operating income (loss)	(4,409,285)	(3,276,551)	(1,651,267)
Non-operating revenues (expenses)	6,462,105	4,236,948	3,291,369
Net increase (decrease) in net assets	\$ 2,052,820	\$ 960,397	\$ 1,640,102

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2009, the Hospital had \$43,862,195, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, equipment, land improvements, and construction in progress. (See Table below). This amount represents a net increase (including additions and deductions) of \$11,379,281 or 35%, from last year.

	2009	2008	2007
Buildings and Improvements	\$32,112,222	\$32,040,917	\$30,864,168
Equipment	30,282,275	27,182,685	27,760,461
Construction in Progress	13,615,508	8,503,668	2,151,125
Land and Improvements	3,156,131	2,885,317	2,746,317
Less Accumulated Depreciation	(35,303,941)	(38,129,673)	(37,312,856)
Totals	<u>\$43,862,195</u>	<u>\$32,482,914</u>	<u>\$26,209,215</u>

This year's significant Capital additions included above were:

• Nurse Call System	\$ 542,957
• McKesson Computer Project Phase I	\$ 3,567,779
• API Project	\$ 418,689
• Diagnostic Center Equipment	\$ 2,598,786

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2009**

Debt

The Hospital had \$24,073,000 in bonds outstanding at year-end, compared to \$26,376,000 last year, an increase of 8.7 %. A summary of this debt is shown in the table below.

Outstanding Debt at Year-end			
	2009	2008	2007
Revenue Bonds	\$ 2,318,000	\$ 2,986,000	\$ 3,654,000
General Obligation Bonds	21,755,000	23,390,000	9,275,000
Totals	<u>\$24,073,000</u>	<u>\$26,376,000</u>	<u>\$12,929,000</u>

The Hospital's 2008 Series General Obligation bonds are Standard and Poor's rated "AAA". The Hospital's 2006 Series General Obligation bonds are Standard & Poor's rated "BBB". The Hospital's 1998 Series A & B Revenue bonds are unrated.

CONTACTING THE HOSPITAL'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact William Hankins, Chief Executive Officer, West Calcasieu-Cameron Hospital.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Balance Sheets
As of December 31, 2009
(With Comparative Totals for December 31, 2008)

	Hospital Service District	Foundation	Totals	
			2009	2008
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 220,665	\$ 163,308	\$ 383,973	\$ 855,034
Assets whose use is limited-cash equivalents:				
Required for current debt service	363,863	-	363,863	438,363
By board for capital improvements	534,235	-	534,235	922,606
Assets whose use is limited:				
By board for capital improvements	5,087,167	-	5,087,167	13,525,878
By board required for operations	4,142,620	-	4,142,620	2,792,598
Accounts receivable from patients	11,574,678	-	11,574,678	12,005,283
Less allowance for uncollectible accounts	(2,154,715)	-	(2,154,715)	(2,253,491)
Interest receivable	3,436	-	3,436	3,436
Other receivables	4,455,205	-	4,455,205	3,628,311
Inventories	1,323,490	19,044	1,342,534	1,380,579
Prepaid expenses	393,401	-	393,401	382,242
Certificate of deposit	-	50,296	50,296	32,651
Other current assets	16,990	-	16,990	20,482
Total Current Assets	25,961,035	232,648	26,193,683	33,733,972
Assets Whose Use Is Limited				
By board for capital improvements	-	-	-	3,012,615
By board required for operations	-	-	-	1,008,270
Unrealized gain (loss) on investments	-	-	-	24,371
Total Noncurrent Assets Whose Use is Limited	-	-	-	4,045,256
Property, Plant and Equipment				
Construction-in-progress	13,615,508	-	13,615,508	8,503,668
Buildings and improvements	32,105,472	6,750	32,112,222	32,040,917
Equipment	30,254,754	27,521	30,282,275	27,182,685
Land and improvements	3,156,131	-	3,156,131	2,885,317
Less allowance for depreciation	(35,276,997)	(26,944)	(35,303,941)	(38,129,673)
Net Property, Plant and Equipment	43,854,868	7,327	43,862,195	32,482,914
Other Assets				
Investment in joint venture	-	-	-	265,918
Cost of bonds issued	119,112	-	119,112	138,847
Total Other Assets	119,112	-	119,112	404,765
TOTAL ASSETS	\$69,935,015	\$ 239,975	\$70,174,990	\$70,666,907

The accompanying notes are an integral part of these financial statements.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Balance Sheets (Continued)
As of December 31, 2009
(With Comparative Totals for December 31, 2008)

	Hospital Service District	Foundation	Totals	
			2009	2008
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 2,265,247	\$ 10,010	\$ 2,275,257	\$ 1,973,831
Accrued compensation and retirement	3,852,438	-	3,852,438	3,729,346
Accrued health insurance benefits	530,319	-	530,319	530,319
Accrued interest payable	324,431	-	324,431	689,105
Other accrued expenses	83,935	-	83,935	139,417
Due to Medicare and Medicaid - cost report settlement	-	-	-	179,771
Current portion of revenue bonds	668,000	-	668,000	668,000
Current portion of general obligation bonds	2,030,000	-	2,030,000	1,635,000
Current installments on capital lease obligations	165,764	-	165,764	148,234
Total Current Liabilities	<u>9,920,134</u>	<u>10,010</u>	<u>9,930,144</u>	<u>9,693,023</u>
Long-Term Debt				
Revenue bonds payable	1,650,000	-	1,650,000	2,318,000
General obligation bonds payable	19,725,000	-	19,725,000	21,755,000
Capital lease obligations	-	-	-	-
Total Long-Term Debt	<u>21,375,000</u>	<u>-</u>	<u>21,375,000</u>	<u>24,073,000</u>
Total Liabilities	<u>31,295,134</u>	<u>10,010</u>	<u>31,305,144</u>	<u>33,766,023</u>
Net Assets				
Invested in capital assets, net of related debt	19,616,104	-	19,616,104	5,949,563
Unrestricted	19,023,777	229,965	19,253,742	30,951,321
Total Net Assets	<u>38,639,881</u>	<u>229,965</u>	<u>38,869,846</u>	<u>36,900,884</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$69,935,015</u>	<u>\$ 239,975</u>	<u>\$70,174,990</u>	<u>\$70,666,907</u>

The accompanying notes are an integral part of these financial statements.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Revenues and Expenses
For The Year Ended December 31, 2009
(With Comparative Totals for December 31, 2008)

	Hospital Service District	Foundation	Totals	
			2009	2008
NET PATIENT SERVICE REVENUE	\$ 60,193,768	\$ -	\$ 60,193,768	\$ 59,938,915
OTHER REVENUE (EXPENSES)				
Cafeteria and vending machines	288,637	-	288,637	247,151
Record room and miscellaneous	25,928	-	25,928	39,600
Gift shop revenue, net of cost of sales	-	22,488	22,488	27,127
Donations	105,788	73,924	179,712	176,095
Other revenues	(213)	35,161	34,948	65,483
Total Other Revenue (Expenses)	<u>420,140</u>	<u>131,573</u>	<u>551,713</u>	<u>555,456</u>
TOTAL REVENUE	<u>60,613,908</u>	<u>131,573</u>	<u>60,745,481</u>	<u>60,494,371</u>
OPERATING EXPENSES				
Nursing expenses	12,450,344	-	12,450,344	12,044,613
Other professional service expenses	21,402,318	-	21,402,318	20,932,209
General service expenses	3,703,146	-	3,703,146	4,116,806
Fiscal and administrative services expenses	12,942,215	215,317	13,157,532	13,852,089
Depreciation and amortization expenses	2,727,077	1,790	2,728,867	2,376,158
Provision for bad accounts (net of recoveries)	11,581,795	-	11,581,795	9,738,336
Interest expense on bonds	210,206	-	210,206	709,497
Interest expense on leases	6,092	-	6,092	1,214
Total Operating Expenses	<u>65,023,193</u>	<u>217,107</u>	<u>65,240,300</u>	<u>63,770,922</u>
INCOME (LOSS) FROM OPERATIONS	<u>(4,409,285)</u>	<u>(85,534)</u>	<u>(4,494,819)</u>	<u>(3,276,551)</u>
NON-OPERATING REVENUE AND (EXPENSES)				
Ad valorem taxes	3,176,550	-	3,176,550	3,045,079
Rent income	553,658	-	553,658	446,475
Investment income	424,142	-	424,142	684,165
Gain (loss) on disposal of assets	87,485	-	87,485	(21,519)
Interest income	-	1,676	1,676	4,210
Miscellaneous	2,220,270	-	2,220,270	78,538
Total Non-Operating Revenue and (Expenses)	<u>6,462,105</u>	<u>1,676</u>	<u>6,463,781</u>	<u>4,236,948</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 2,052,820</u>	<u>\$ (83,858)</u>	<u>\$ 1,968,962</u>	<u>\$ 960,397</u>

The accompanying notes are an integral part of these financial statements.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Changes in Net Assets
For The Year Ended December 31, 2009
(With Comparative Totals for December 31, 2008)

	Hospital Service District	Foundation	Totals 2009	2008
NET ASSETS - January 1	\$ 36,587,061	\$ 313,823	\$ 36,900,884	\$ 35,940,487
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>2,052,820</u>	<u>(83,858)</u>	<u>1,968,962</u>	<u>960,397</u>
NET ASSETS - December 31	<u>\$ 38,639,881</u>	<u>\$ 229,965</u>	<u>\$ 38,869,846</u>	<u>\$ 36,900,884</u>

The accompanying notes are an integral part of these financial statements.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Cash Flows
For The Year Ended December 31, 2009
(With Comparative Totals for December 31, 2008)

	Hospital Service District	Foundation	Totals	
			2009	2008
Cash Flows From Operating Activities:				
Receipts from patients and users	\$49,083,556	\$ 154,654	\$49,238,210	\$49,695,300
Payments to suppliers	(27,660,063)	(230,480)	(27,890,543)	(29,330,851)
Payments to employees	(22,457,168)	-	(22,457,168)	(22,730,227)
Interest paid	(1,402,156)	-	(1,402,156)	(515,810)
Net Cash Provided (Used) by Operating Activities	<u>(2,435,831)</u>	<u>(75,826)</u>	<u>(2,511,657)</u>	<u>(2,881,588)</u>
Cash Flows From Capital and Related Financing Activities:				
Payment for capital expenditures	(12,510,073)	-	(12,510,073)	(8,450,835)
Proceeds from sale of capital assets	-	-	-	5,000
Proceeds from issuance of bonds	-	-	-	15,000,000
Payment of bond costs	-	-	-	(61,324)
Principal payment on bonds and notes	(2,303,000)	-	(2,303,000)	(1,553,000)
Principal payments under capital lease obligations	(148,234)	-	(148,234)	(460,105)
Other	(166,683)	(2)	(166,685)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(15,127,990)</u>	<u>(2)</u>	<u>(15,127,992)</u>	<u>4,479,736</u>
Cash Flows From Investing Activities:				
(Purchase) sale of assets whose use is limited, net	10,709,803	-	10,709,803	(5,563,858)
Investment income	399,728	1,676	401,404	688,375
(Purchase) sale of joint venture	-	-	-	(2,026)
Cash received for ad valorem taxes	2,838,227	-	2,838,227	3,045,079
Rent income	553,658	-	553,658	446,475
Purchase of certificate of deposit	-	(17,645)	(17,645)	(1,310)
Miscellaneous	2,220,270	-	2,220,270	78,538
Net Cash Provided (Used) by Investing Activities	<u>16,721,686</u>	<u>(15,969)</u>	<u>16,705,717</u>	<u>(1,308,727)</u>
Net Increase (Decrease) in Cash	(842,135)	(91,797)	(933,932)	289,421
Cash and Cash Equivalents - Beginning of Year	1,960,898	255,105	2,216,003	1,926,582
Cash and Cash Equivalents - End of Year	<u>\$ 1,118,763</u>	<u>\$ 163,308</u>	<u>\$ 1,282,071</u>	<u>\$ 2,216,003</u>

The accompanying notes are an integral part of these financial statements.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Cash Flows (Continued)
For The Year Ended December 31, 2009
(With Comparative Totals for December 31, 2008)

	Hospital Service District	Foundation	Totals 2009	2008
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (4,409,285)	\$ (85,534)	\$ (4,494,819)	\$ (3,276,551)
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation and amortization	2,727,077	1,790	2,728,867	2,376,158
Provisions for losses on accounts receivable, net	98,776	-	98,776	(938,698)
(Increase) decrease in receivables	(371,354)	-	(371,354)	(1,083,299)
(Increase) decrease in inventory	38,945	(900)	38,045	(103,724)
(Increase) decrease in prepaid expenses	(11,159)	-	(11,159)	(46,894)
(Increase) decrease in other current assets	3,492	-	3,492	-
Increase (decrease) in accounts payable and other accrued expenses	(512,323)	8,818	(503,505)	191,420
Total Adjustments	<u>1,973,454</u>	<u>9,708</u>	<u>1,983,162</u>	<u>394,963</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,435,831)</u>	<u>\$ (75,826)</u>	<u>\$ (2,511,657)</u>	<u>\$ (2,881,588)</u>
Supplemental Disclosures of Cash Flow Information:				
Cash paid for interest (net of amount capitalized \$821,184 for 2009; \$339,938 for 2008)	<u>\$ 580,972</u>	<u>\$ -</u>	<u>\$ 580,972</u>	<u>\$ 175,872</u>
Cash and Cash Equivalents:				
Unrestricted	\$ 220,665	\$ 163,308	\$ 383,973	\$ 855,034
Assets whose use is limited	<u>898,098</u>	<u>-</u>	<u>898,098</u>	<u>1,360,969</u>
	<u>\$ 1,118,763</u>	<u>\$ 163,308</u>	<u>\$ 1,282,071</u>	<u>\$ 2,216,003</u>

The accompanying notes are an integral part of these financial statements.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements
December 31, 2009 and 2008

Note 1 - Organization and Summary of Significant Accounting Policies

The West Calcasieu-Cameron Hospital is owned and operated by the Calcasieu-Cameron Hospital Service District. The hospital provides in-patient, out-patient, and emergency care services for residents of southwest Louisiana. It is operated as a nonprofit corporation organized by the Calcasieu and Cameron Parish Police Juries under the provision of Chapter 10 of Title 46 of the Louisiana revised statutes of 1950. The governing authority of the Hospital Service District is a Board of Commissioners appointed to office by the Calcasieu and Cameron Parish Police Juries.

The West Calcasieu-Cameron Hospital Service Corporation (Foundation) is a non-profit corporation operating under 501 (c) (3) of the Internal Revenue Code. The Foundation files and grants applications, operates the gift shop, and conducts general fundraising efforts to be dedicated for the benefit of the Hospital. The District is the sole member of the Foundation.

GASB No. 20 requires that governments' proprietary activities apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The Hospital has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

Reporting Entity - As more fully described in the paragraph above, the Hospital Service District is a component unit of the Calcasieu and Cameron Parish Police Juries. Also, the West Calcasieu-Cameron Hospital Service Corporation (Foundation) is considered a component unit of the District. Component units are entities for which the Hospital is considered financially accountable.

Basis of Accounting - The Hospital has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*.

The Hospital uses the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Hospital's enterprise fund are charges to patients for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

WEST CALCASIEU-CAMERON HOSPITAL

Sulphur, Louisiana

Notes to Financial Statements (Continued)

December 31, 2009 and 2008

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Patient Service Revenue - Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

Risk Management - The Hospital is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters. The Hospital is self-insured for employee health benefits as discussed in Note 5.

Property, Plant, and Equipment - Property, plant, and equipment of the Hospital is recorded at cost. Depreciation is recorded using the straight-line method in amounts sufficient to amortize the cost of its assets over their estimated useful lives.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

The estimated useful lives of the various assets follow guidelines established by the American Hospital Association, and are categorized as follows:

	<u>Life</u>
Hospital equipment	3 - 25 years
Buildings and improvements	3 - 50 years
Parking lots	5 - 25 years
Land improvements	5- 25 years

The costs of maintenance and repairs of property and equipment are charged to expense as incurred. Expenditures for additions, improvements, and replacements are capitalized. The cost and related accumulated depreciation of property and equipment retired are removed from the accounts and any resulting gain or loss is recognized.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Hospital for the years ended December 31, 2009 and 2008 was \$1,037,482 and \$1,050,649, respectively. Of this amount, \$821,184 and \$339,938 was included as part of the cost of capital assets under construction for the years ended December 31, 2009 and 2008.

Inventories - Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist primarily of medical products and medicines.

Cash and Cash Equivalents - The Hospital considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Amortization of Debt Issuance Costs - Debt issuance costs are deferred and amortized using the straight-line method over the term of the related debt.

Advertising Expense - The Hospital expenses the cost of advertising as the expense is incurred. For the years ended December 31, 2009 and 2008, the cost totaled \$11,126 and \$42,729, respectively.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

Note 2 - Assets Whose Use is Limited

Assets whose use is limited include investments (reported at fair value) set aside by the Board for capital improvements, self-insurance, required liquidity for operations and other liabilities. Also included are assets held by trustees under bond indenture agreements.

The Hospital's composition of assets whose use is limited are as follows:

	2009 Fair Value	2008 Fair Value
Cash	\$ 898,098	\$ 1,360,969
Certificates of Deposit	1,478,160	463,889
Mutual Funds	-0-	13,794,712
Money Market	6,751,727	-0-
Government Mortgage	999,900	6,105,131
Total Assets Whose Use Is Limited	\$ <u>10,127,885</u>	\$ <u>21,724,701</u>

Note 3 - Hospital Bonds Payable

Long-term debt at December 31, 2009 consists of the following:

General obligation bonds:

\$10,000,000 Calcasieu-Cameron Hospital Service District General Obligation Bonds, Series 2006, due in annual principal and semi-annual interest installments, annual total debt service payments of \$1,264,219 to \$1,215,288 through March 1, 2016, interest of 4.05% to 4.25%, secured by unlimited ad valorem taxation \$ 7,475,000

\$15,000,000 Calcasieu-Cameron Hospital Service District General Obligation Bonds, Series 2008, due in annual principal and semi-annual interest installments, annual total debt service payments of \$1,665,975 to \$2,912,050 through March 1, 2018, interest of 4.0% to 5.0%, secured by unlimited ad valorem taxation \$ 14,280,000

Revenue bonds:

\$5,000,000 Calcasieu-Cameron Hospital Service District Hospital Revenue Refunding Bonds, 1998 Series A, due in semi-annual installments of \$289,000 to \$164,906 through May 1, 2013; interest at 4.2%, secured by mortgage on Hospital plant and equipment \$ 1,159,000

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

Note 3 - Hospital Bonds Payable (Continued)

\$5,000,000 Calcasieu-Cameron Hospital Service District Hospital Revenue Bonds, 1998 Series B, due in semi-annual installments of \$289,000 to \$164,906 through May 1, 2013; interest at 4.2%, secured by mortgage on Hospital plant and equipment

\$ 1,159,000
\$ 24,073,000

The annual installments to amortize all debt outstanding as of December 31, 2009 are as follows:

General Obligation Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,030,000	\$ 883,538	\$ 2,913,538
2011	2,115,000	799,420	2,914,420
2012	2,210,000	711,409	2,921,409
2013	2,305,000	619,275	2,924,275
2014	2,400,000	516,530	2,916,530
2014-2018	<u>10,695,000</u>	<u>952,450</u>	<u>11,647,450</u>
	<u>\$ 21,755,000</u>	<u>\$ 4,482,622</u>	<u>\$ 26,237,622</u>

Revenue Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 668,000	\$ 90,342	\$ 758,342
2011	668,000	62,286	730,286
2012	668,000	34,230	702,230
2013	<u>314,000</u>	<u>6,594</u>	<u>320,594</u>
	<u>\$ 2,318,000</u>	<u>\$ 193,452</u>	<u>\$ 2,511,452</u>

The following is a summary of bonds payable transactions of the Hospital for the year ended December 31, 2009:

	<u>Revenue</u>	<u>General Obligation</u>
Outstanding at January 1, 2009	\$ 2,986,000	\$ 23,390,000
Bonds Issued	-0-	-0-
Bonds Retired	<u>(668,000)</u>	<u>(1,635,000)</u>
Outstanding at December 31, 2009	<u>\$ 2,318,000</u>	<u>\$ 21,755,000</u>

Note 4 - Compliance with Bond Resolution

The revenue bond agreement with Capital One contains various requirements relating to reserves, financial ratios, operating results, etc. The Hospital did not meet all requirements for the year ending December 31, 2009 and 2008, but did receive waivers from the bank.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

Note 5 - Contingencies

The Hospital is self-insured for employee medical benefits. Under this arrangement, employees contribute a portion of the cost with the Hospital paying the difference to the employee benefit trust. A portion of the monthly contributions is used to purchase a re-insurance contract that covers individual claims exceeding \$100,000.

Note 6 - Compensation of the Board of Directors

The members of the Board of Commissioners of West Calcasieu-Cameron Hospital are paid a per diem per board meeting attended. Total payments are as follows for December 31,

	<u>2009</u>	<u>2008</u>
Frank LaBarbera	\$ 800	\$ 900
Robert Davidson	1,000	1,000
Rapheal Fontenot	1,000	1,000
Bobby Letard	1,000	1,000
Joe Devall	<u>600</u>	<u>800</u>
Total	<u>\$ 4,400</u>	<u>\$ 4,700</u>

Note 7 - Accrued Compensation

Accrued payroll for the years ended December 31, 2009 and 2008, paid in the subsequent year, totaled \$289,732 and \$260,741, respectively. Accrued compensated absences totaled \$739,988 and \$1,090,479 for the years ended December 31, 2009 and 2008, respectively, and has been accrued at the employees' present salary levels for vacation time earned.

Note 8 - Leases

The Hospital has entered into several lease agreements as lessee for financing the acquisition of medical equipment and buildings. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets. The assets are depreciated over the lesser of their lease terms or their estimated productive lives. The capitalized costs on such leases were \$1,090,634 and \$1,090,634 at December 31, 2009 and 2008, respectively.

The accumulated depreciation on such equipment under capital lease obligation was \$619,197 at December 31, 2009 and \$401,070 at December 31, 2008. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 2009:

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

Note 8 - Leases (Continued)

<u>Year Ending December 31,</u>	
2009	\$ 165,764
Total Minimum Lease Payments	165,764
Less: Amount Representing Interest	<u>-0-</u>
Present Value of Future Minimum Lease Payments	<u>\$ 165,764</u>

The Hospital leases part of the Hospital facilities under an operating lease to a provider of long-term acute care services. The lease term was renewed November, 2009 for 60 months. The cost of the property under this lease is \$106,900 for the years ending December 31, 2009 and 2008. The accumulated depreciation is \$99,694 for the year ended December 31, 2009 and \$97,385 for the year ending December 31, 2008. The following is a schedule of future minimum rentals under lease at December 31, 2009:

Year ending December 31:

2010	\$364,205
2011	\$364,205
2012	\$364,205
2013	\$364,205
2014	\$273,150

Note 9 - Malpractice

Malpractice claims have been asserted against West Calcasieu-Cameron Hospital by various claimants. The claims are in various stages of processing, and some may ultimately be brought to trial. In the opinion of counsel, the outcome of these actions will not have a significant effect on the financial position or the results of operations of West Calcasieu-Cameron Hospital. Management is unable to estimate the ultimate cost, if any, of the resolution of the asserted claims and, accordingly, no accrual has been made for them.

Incidents occurring through December 31, 2009 may result in the assertion of additional claims. Other claims may be asserted arising from past services provided. Management is unable to estimate the ultimate cost, if any, of the resolution of such potential claims and, accordingly, no accrual has been made for them. Management believes the resolution of such potential claims would be settled within the limits of insurance coverage.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

Note 10 - Capital Assets

The Hospital's capital asset activity for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,155,825	\$ -0-	\$ -0-	\$ 2,155,825
Construction in progress	8,503,668	9,824,373	(4,712,533)	13,615,508
Total capital assets, not being depreciated	<u>10,659,493</u>	<u>9,824,373</u>	<u>(4,712,533)</u>	<u>15,771,333</u>
Capital assets, being depreciated:				
Buildings	25,162,032	-0-	(17,194)	25,144,838
Building improvements	6,878,885	100,966	(12,467)	6,967,384
Land improvements	729,492	311,665	(40,851)	1,000,306
Equipment	27,182,685	8,755,680	(5,656,090)	30,282,275
Total capital assets, being depreciated	59,953,094	9,168,311	(5,726,602)	63,394,804
Less accumulated depreciated	(38,129,673)	(2,709,133)	5,534,865	(35,303,941)
Total capital assets, being depreciated, net	<u>21,823,421</u>	<u>6,459,178</u>	<u>(191,737)</u>	<u>28,090,862</u>
Total capital assets, net	<u>\$ 32,482,914</u>	<u>\$ 16,283,551</u>	<u>\$ (4,904,270)</u>	<u>\$ 43,862,195</u>

Note 11- Retirement Commitments

Full-time employees of the Hospital are members of the Parochial Employees' Retirement System of Louisiana, a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Eligible employees of the Hospital are members of Plan A.

Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

Note 11- Retirement Commitments (Continued)

However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include 1/4 of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Data concerning the actuarial status of the System are not available for 2009.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 2008, comprehensive annual financial report. The district does not guarantee the benefits granted by the System.

Contributions to the system are made by both employees and the Hospital as a percentage of salaries. The payroll for the Hospital employees covered by the system for the year ended December 31, 2009 was approximately \$20,289,469; the Hospital's total payroll was \$22,580,260. Covered employees are required to contribute 9.5% of their earnings.

The Hospital's contributions to the system for the years ended December 31, 2009, 2008, and 2007 were \$2,501,906, \$2,654,329 and \$2,487,750, respectively. The contribution rate for 2009 was 12.25%, and for 2008 was 12.75% and 2007 was 13.25%.

Note 12- Cash, Cash Equivalents, Certificates of Deposit and Other Investments

Under Louisiana Revised Statutes 39:2955, the Hospital may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having a principal office in Louisiana. Additionally, Louisiana statutes allow the Hospital to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, and mutual or trust funds register with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

Note 12- Cash, Cash Equivalents, Certificates of Deposit and Other Investments (Continued)

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

At December 31, 2009, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$2,596,923. Of that balance, \$2,376,258 is included in Assets Whose Use is Limited (Note 2).

At December 31, 2008, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$2,424,787. Of that balance, \$1,824,858 is included in Assets Whose Use is Limited (Note 2).

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk is the risk that in the event of bank failure, the Hospital's deposits may not be returned. At December 31, 2009, the Hospital has \$3,486,201 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$6,749,267 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Hospital that the fiscal agent has failed to pay deposited funds upon demand.

Interest Rate Risk is the risk that changes in the in interest rate will adversely affect the fair value of the investment. At December 31, 2009 and 2008, the Hospital had investments in various debt instruments totaling \$999,900 and \$6,106,861, respectively. These investments have maturity dates of less than 1 year.

At December 31, 2009 and 2008, the Foundation had \$213,604 and 287,756, respectively, in cash, cash equivalents and certificates of deposit (book balances). The Foundation's collective bank balances at December 31, 2009 and 2008 were \$222,846 and \$243,121, respectively. The Foundation's cash balances were fully insured by FDIC at December 31, 2009 and 2008, respectively.

Note 13- Prior Year Balances

Certain prior year amounts may have been reclassified to conform with current year presentation.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

Note 14- Concentrations of Credit Risk

The Hospital is located in Sulphur, Louisiana. The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	<u>2009</u>	<u>2008</u>
Medicare	21 %	17 %
Medicaid	4	3
Other	75	80
	<u>100 %</u>	<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2009</u>	<u>2008</u>
Medicare	30 %	27 %
Medicaid	10	6
Other	60	67
	<u>100 %</u>	<u>100 %</u>

Note 15- Postemployment Healthcare Plan

Plan Description: The Hospital's provides medical benefits to eligible retired Hospital employees and their beneficiaries. The plan is a single-employer plan administered by Benefit Management Services and has been implemented prospectively.

Funding Policy : The contribution requirements of plan members and the Hospital are established by the board. Hospital eligible retirees receiving benefits contribute \$245 per month for retiree only coverage, \$450 for retiree and spouse coverage, and \$648 for retiree and family coverage. Eligible retirees who participate in Medicare contribute \$172 for retiree only coverage and \$276 for retiree and spouse coverage.

The Hospital is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost: For 2009 and 2008, the Hospital's annual OPEB cost (expense) of \$1,276,364 was equal to the ARC, which consists of normal cost of \$421,394 and amortization of UAL of \$854,970. Utilizing the pay-as-you-go method, the Hospital contributed 33% of the annual OPEB cost during 2008 and 2009. No interest on prior year obligation. Ending net OPEB obligation at December 31, 2009, \$1,709,939.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

Note 15- Postemployment Healthcare Plan (Continued)

Funding Status and Funding Progress: The plan has not been funded.

Actuarial Methods and Assumptions:

Mortality	GAR 1994
Turnover	6.67% Per Annum to Full Attribution
Retirement Age	60, or current age if older
Full Attribution Period Age	Age when full eligibility first reached
Annual Discount Rate	4.00%
Medical Trend	7% in 2008, reducing 1% per annum, leveling at 5% per annum
Medical Cost Aging Factor	3.6% per year of age

Attribution Period: The attribution period begins with the date of hire and ends with full benefits eligibility date.

Per Capita Cost Methods: The valuation reflects per capita net premium costs based after considering required retiree contributions and the current premium rates using a modified aging scale. The 2008 per capita employer and employee costs vary based on plan. An employer subsidy was derived by taking the difference between the age specific cost and the member contribution. The age specific cost was based on an average per person cost of (\$314.44) at the average age of the group (45) and scaled to each age based on the medical cost aging factor. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments.

Actuarial Valuation Method: The Projected Unit Credit Funding Method was used.

Note 16- Charity Care

The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated approximately \$81,135 and \$371,083 in 2009 and 2008, respectively.

Note 17- Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by both Calcasieu and Cameron Parishes in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

Note 17- Ad Valorem Taxes (Continued)

For the years ended December 31, 2009 and 2008, taxes of 4.30 and 2.45 mills were levied on property with net assessed valuations totaling \$745,602,008 and \$678,413,754 for Calcasieu Parish and \$26,783,952 and \$24,549,289 for Cameron Parish, respectively. Total taxes levied were \$3,217,727 and \$3,027,152 for the years ended December 31, 2009 and 2008. Taxes receivable at December 31, 2009 and 2008 were \$3,217,745 and 2,879,422, all of which were considered collectible. The 4.3 and 4.45 mills were dedicated for the sinking fund.

Note 18- Construction in Progress

The Hospital has various construction projects in progress at December 31, 2009. The following is a schedule of the most significant projects.

	Estimated Total Costs	Costs Incurred To Date	Estimated Completion Date
Master Facility Project Phase I	\$19,054,548	\$10,842,455	June 2010
Patient Room Renovations	\$1,434,173	\$1,260,725	June 2010
IT Project Third Party	\$630,520	\$330,866	July 2010
Datascope Project	\$323,200	\$1,781	May 2010
Cath Lab Renovations	\$397,719	\$15,738	June 2010

Note 19 - Allowance for Doubtful Accounts

Accounts receivable are stated at cost less an allowance for doubtful accounts. The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past user history, any adverse situation that might affect the user's ability to repay, and current economic conditions. Amounts charged-off that are subsequently recovered are recorded as income.

Note 20 - Subsequent Events

The Hospital evaluated its December 31, 2009 financial statements for subsequent events through June 17, 2010, the date the financial statements were available to be issued. The Hospital is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

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Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Commissioners
West Calcasieu-Cameron Hospital
Calcasieu-Cameron Hospital Service District
Sulphur, Louisiana

My report on my audit of the basic financial statements of West Calcasieu-Cameron Hospital as of December 31, 2009, and for the year then ended appears on pages 1-2. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 28-39 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The financial statements of the West Calcasieu-Cameron Hospital as of December 31, 2008, were audited by other auditors whose report dated June 15, 2009, expressed an unqualified opinion on those financial statements.

Steven M. Derouen, CPA

Lake Charles, Louisiana
June 17, 2010

**WEST CALCASIEU-CAMERON HOSPITAL
HOSPITAL SERVICE DISTRICT
Sulphur, Louisiana
Balance Sheets
As of December 31,**

ASSETS	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and cash equivalents	\$ 220,665	\$ 599,929
Assets whose use is limited-cash equivalents:		
Required for current debt service	363,863	438,363
By board for capital improvements	534,235	922,606
Assets whose use is limited:		
By board for capital improvements	5,087,167	13,525,878
By board required for operations	4,142,620	2,792,598
Accounts receivable from patients	11,574,678	12,005,283
Less allowance for uncollectible accounts	(2,154,715)	(2,253,491)
Interest receivable	3,436	3,436
Other receivables	4,455,205	3,628,311
Inventories	1,323,490	1,362,435
Prepaid expenses	393,401	382,242
Other current assets	16,990	20,482
Total Current Assets	<u>25,961,035</u>	<u>33,428,072</u>
Assets Whose Use Is Limited		
By board for capital improvements	-	3,012,615
By board required for operations	-	1,008,270
Unrealized gain (loss) on investments	-	24,371
Total Noncurrent Assets Whose Use is Limited	<u>-</u>	<u>4,045,256</u>
Property, Plant and Equipment		
Construction-in-progress	13,615,508	8,503,668
Buildings and improvements	32,105,472	32,034,167
Equipment	30,254,754	27,155,164
Land and improvements	3,156,131	2,885,317
Less allowance for depreciation	(35,276,997)	(38,104,519)
Net Property, Plant and Equipment	<u>43,854,868</u>	<u>32,473,797</u>
Other Assets		
Investment in joint venture	-	265,918
Cost of bonds issued	119,112	138,847
Total Other Assets	<u>119,112</u>	<u>404,765</u>
TOTAL ASSETS	<u>\$ 69,935,015</u>	<u>\$ 70,351,890</u>

**WEST CALCASIEU-CAMERON HOSPITAL
HOSPITAL SERVICE DISTRICT
Sulphur, Louisiana
Balance Sheets (Continued)
As of December 31,**

	<u>2009</u>	<u>2008</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 2,265,247	\$ 1,972,637
Accrued compensation and retirement	3,852,438	3,729,346
Accrued health insurance benefits	530,319	530,319
Accrued interest payable	324,431	689,105
Other accrued expenses	83,935	139,417
Due to Medicare and Medicaid - cost report settlement	-	179,771
Current portion of revenue bonds	668,000	668,000
Current portion of general obligation bonds	2,030,000	1,635,000
Current installments on capital lease obligations	165,764	148,234
Total Current Liabilities	<u>9,920,134</u>	<u>9,691,829</u>
Long-Term Debt		
Revenue bonds payable	1,650,000	2,318,000
General obligation bonds payable	19,725,000	21,755,000
Capital lease obligations	-	-
Total Long-Term Debt	<u>21,375,000</u>	<u>24,073,000</u>
Total Liabilities	<u>31,295,134</u>	<u>33,764,829</u>
Net Assets		
Invested in capital assets, net of related debt	19,616,104	5,949,563
Unrestricted	19,023,777	30,637,498
Total Net Assets	<u>38,639,881</u>	<u>36,587,061</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 69,935,015</u>	<u>\$ 70,351,890</u>

**WEST CALCASIEU-CAMERON HOSPITAL
HOSPITAL SERVICE DISTRICT
Sulphur, Louisiana
Statements of Revenues and Expenses
For The Years Ended December 31,**

	<u>2009</u>	<u>2008</u>
NET PATIENT SERVICE REVENUE	\$ 60,193,768	\$ 59,438,509
OTHER REVENUE (EXPENSES)		
Cafeteria and vending machines	288,637	247,151
Record room and miscellaneous	25,928	39,600
Donations	105,788	31,537
Other revenues	(213)	2,965
Total Other Revenue (Expenses)	<u>420,140</u>	<u>321,253</u>
TOTAL REVENUE	<u>60,613,908</u>	<u>59,759,762</u>
OPERATING EXPENSES		
Nursing expenses	12,450,344	12,044,613
Other professional service expenses	21,402,318	20,932,209
General service expenses	3,703,146	4,116,806
Fiscal and administrative services expenses	12,942,215	13,720,845
Depreciation and amortization expenses	2,727,077	2,369,672
Provision for bad accounts (net of recoveries)	11,581,795	9,738,336
Interest expense on bonds	210,206	709,497
Interest expense on leases	6,092	1,214
Total Operating Expenses	<u>65,023,193</u>	<u>63,633,192</u>
INCOME (LOSS) FROM OPERATIONS	<u>(4,409,285)</u>	<u>(3,873,430)</u>
NON-OPERATING REVENUE AND (EXPENSES)		
Ad valorem taxes	3,176,550	3,045,079
Rent income	553,658	446,475
Investment income	424,142	684,165
Gain (loss) on disposal of assets	87,485	(21,519)
Miscellaneous	2,220,270	578,944
Total Non-Operating Revenue and (Expenses)	<u>6,462,105</u>	<u>4,733,144</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 2,052,820</u>	<u>\$ 859,714</u>

**WEST CALCASIEU-CAMERON HOSPITAL
HOSPITAL SERVICE DISTRICT
Sulphur, Louisiana
Statements of Changes in Net Assets
For The Years Ended December 31,**

	<u>2009</u>	<u>2008</u>
NET ASSETS - January 1	\$ 36,587,061	\$ 35,727,347
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>2,052,820</u>	<u>859,714</u>
NET ASSETS - December 31	<u>\$ 38,639,881</u>	<u>\$ 36,587,061</u>

WEST CALCASIEU-CAMERON HOSPITAL
WEST CALCASIEU-CAMERON HOSPITAL SERVICE CORPORATION (FOUNDATION)
Sulphur, Louisiana
Balance Sheets
As of December 31,

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 163,308	\$ 255,105
Inventories	19,044	18,144
Certificate of deposit	50,296	32,651
Total Current Assets	<u>232,648</u>	<u>305,900</u>
 Property, Plant and Equipment		
Buildings	6,750	6,750
Equipment	27,521	27,521
Less allowance for depreciation	(26,944)	(25,154)
Net Property, Plant and Equipment)	<u>7,327</u>	<u>9,117</u>
 TOTAL ASSETS	 <u><u>\$ 239,975</u></u>	 <u><u>\$ 315,017</u></u>
 LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 10,010	\$ 1,194
Total Current Liabilities	<u>10,010</u>	<u>1,194</u>
 Total Liabilities	 <u>10,010</u>	 <u>1,194</u>
 Net Assets		
Unrestricted net assets	<u>229,965</u>	<u>313,823</u>
 TOTAL LIABILITIES AND EQUITY	 <u><u>\$ 239,975</u></u>	 <u><u>\$ 315,017</u></u>

WEST CALCASIEU-CAMERON HOSPITAL
WEST CALCASIEU-CAMERON HOSPITAL SERVICE CORPORATION (FOUNDATION)
 Sulphur, Louisiana
 Statements of Activities
 For The Years Ended December 31,

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Gift shop revenue	\$ 45,569	\$ 49,691
Donations	73,924	144,558
Other revenues	35,161	62,518
Total Revenues	<u>154,654</u>	<u>256,767</u>
 COST OF SALES		
Gift Shop	<u>23,081</u>	<u>22,564</u>
Gross Profit	<u>131,573</u>	<u>234,203</u>
 OPERATING EXPENSES		
Contributions	131,519	60,243
Fund raising	36,947	33,967
Miscellaneous	40,875	29,946
Professional fees	2,300	3,200
Taxes	3,676	3,888
Depreciation expense	1,790	6,486
Total Operating Expenses	<u>217,107</u>	<u>137,730</u>
 NON-OPERATING REVENUE		
Interest Income	<u>1,676</u>	<u>4,210</u>
 EXCESS OF REVENUE OVER EXPENSES	 <u><u>\$ (83,858)</u></u>	 <u><u>\$ 100,683</u></u>

WEST CALCASIEU-CAMERON HOSPITAL

Sulphur, Louisiana

Schedules of Nursing Revenues

For The Years Ended December 31,

	<u>2009</u>	<u>2008</u>
NURSING REVENUES		
Revenue from daily patient services		
Medical and surgical	\$ 6,595,751	\$ 6,979,171
Intensive care	2,362,279	3,167,036
Nursery	168,973	166,165
Total Revenue from Daily Patient Services	<u>9,127,003</u>	<u>10,312,372</u>
Operating room	13,266,608	16,082,703
Endoscopy	2,836,264	-
Delivery room	1,290,031	1,627,103
Recover room	3,319,348	3,320,747
Central supply	1,550,274	441,750
Emergency room	<u>7,171,867</u>	<u>7,766,269</u>
TOTAL NURSING REVENUES	<u><u>\$ 38,561,395</u></u>	<u><u>\$ 39,550,944</u></u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedules of Other Professional Services Revenue
For The Years Ended December 31,

	<u>2009</u>	<u>2008</u>
OTHER PROFESSIONAL SERVICE REVENUES		
Anesthesiology	\$ 1,749,089	\$ 2,322,656
Radiology	21,888,523	23,268,654
Laboratory	18,075,323	18,466,110
Cardiology, EKG and EEG	8,742,928	7,828,929
Physical therapy	1,280,865	1,468,882
Orthopedic	137,303	157,526
Nuclear Medicine	2,234,668	1,843,127
Pharmacy	29,464,191	24,756,666
Respiratory therapy	7,304,875	7,971,987
Dietary - long term care	168,116	183,293
Ambulance service	3,991,716	5,168,265
Emergency room physicians professional fees	3,824,297	2,680,268
Occupational therapy	573,617	601,523
Home health care	1,645,452	1,728,334
Therapeutic riding	234,435	243,732
Wellness center	1,320,679	1,252,766
Off site clinics	1,077,277	989,351
Outpatient testing	959,071	756,171
Wound healing	1,226,390	366,000
Nurse family partnership	3,670	38,812
Mobile prenatal unit	13,806	12,404
Hematology and oncology	68,647	25,468
Diagnostic center	<u>3,077,219</u>	<u>-</u>
TOTAL OTHER PROFESSIONAL SERVICE REVENUES	<u><u>\$ 109,062,157</u></u>	<u><u>\$ 102,130,924</u></u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedules of Nursing Expenses
For The Years Ended December 31,

	<u>2009</u>	<u>2008</u>
NURSING EXPENSES		
Nursing services - salaries	\$ 3,526,443	\$ 3,276,765
Nursing services - administrative salaries	724,301	708,356
Nursing services - expenses	328,878	345,468
Central supply - salaries	124,957	130,237
Central supply - expense	356,452	346,284
Operating room - salaries	1,064,111	1,076,844
Operating room - expenses	2,325,338	2,131,011
Endoscopy - salaries	214,589	196,416
Endoscopy - expenses	75,388	-
Delivery room - salaries	302,695	342,363
Delivery room - expenses	115,896	116,419
Nursery - salaries	45,583	49,932
Nursery - expenses	15,373	15,409
Recovery room - salaries	212,374	202,650
Recovery room - expenses	8,731	12,059
Intensive care - salaries	1,111,653	1,162,009
Intensive care - expenses	111,340	137,829
Emergency room - salaries	1,257,309	1,471,980
Emergency room - expenses	256,586	240,332
Emergency room - professional fees	272,347	82,250
TOTAL NURSING EXPENSES	<u><u>\$ 12,450,344</u></u>	<u><u>\$ 12,044,613</u></u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedules of Other Professional Service Expenses
For The Years Ended December 31,

	<u>2009</u>	<u>2008</u>
OTHER PROFESSIONAL SERVICE EXPENSES		
Anesthesiology - expenses	\$ 900,904	\$ 784,555
Radiology - salaries	1,167,279	1,177,685
Radiology - expenses	988,330	1,529,585
Laboratory - salaries	1,126,482	1,134,650
Laboratory - expenses	1,952,916	1,888,482
Cardiology, EKG and EEG - salaries	457,564	440,341
Cardiology, EKG and EEG - expenses	771,456	704,870
Physical therapy - salaries	579,318	604,144
Physical therapy - expenses	34,572	27,719
Orthopedic room - expenses	27,279	34,280
Pharmacy - salaries	785,606	679,249
Pharmacy - expenses	4,211,759	3,582,709
Respiratory therapy - salaries	628,751	660,366
Respiratory therapy - expenses	164,830	164,330
Ambulance service - salaries	990,120	1,527,849
Ambulance service - expenses	310,445	290,038
Medical records - salaries	462,211	435,257
Medical records - expenses	139,818	267,461
Nuclear Medicine - salaries	128,169	186,440
Nuclear Medicine - expenses	210,850	176,615
Outpatient testing - salaries	137,513	108,592
Outpatient testing - expenses	19,978	14,314
Ultrasound - expenses	1,575	174
Home health care - salaries	886,275	885,516
Home health care - expenses	208,919	198,871
Occupational therapy - salaries	281,108	229,789
Occupational therapy - expenses	41,036	56,351
Off site clinic - salaries	798,668	768,572
Off site clinic - expenses	819,722	842,605
Wellness center - salaries	741,036	725,904
Wellness center - expenses	232,120	184,919
Therapeutic riding - salaries	81,999	128,724
Therapeutic riding - expenses	25,788	39,974
Wound healing - salaries	99,931	56,510
Wound healing - expenses	455,572	257,049
Nurse family partnership - salaries	-	35,821
Nurse family partnership - expenses	-	4,983
Mobile prenatal unit - salaries	9,403	9,772
Mobile prenatal unit - expenses	3,868	2,965
Hematology and oncology - salaries	8,708	2,860
Hematology and oncology - expenses	186,497	81,319
Diagnostic center - salaries	79,538	-
Diagnostic center - expenses	244,405	-
TOTAL OTHER PROFESSIONAL SERVICE EXPENSES	\$ 21,402,318	\$ 20,932,209

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedules of General Service Expenses
For The Years Ended December 31,

	<u>2009</u>	<u>2008</u>
GENERAL SERVICE EXPENSES		
Dietary - salaries	\$ 536,605	\$ 537,534
Dietary - food	355,145	371,539
Dietary - expenses	108,123	111,625
Housekeeping - salaries	448,404	477,777
Housekeeping - expenses	111,298	121,976
Laundry - salaries	104,939	109,727
Laundry - expenses	84,534	75,293
Operating and maintenance of plant - salaries	746,554	763,611
Operating and maintenance of plant - expenses	<u>1,207,544</u>	<u>1,547,724</u>
TOTAL GENERAL SERVICE EXPENSES	<u><u>\$ 3,703,146</u></u>	<u><u>\$ 4,116,806</u></u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedules of Fiscal and Administrative Service Expenses
For The Years Ended December 31,

	<u>2009</u>	<u>2008</u>
FISCAL AND ADMINISTRATIVE SERVICE EXPENSES		
Administrative - salaries	\$ 2,709,914	\$ 2,795,069
Administrative - general expenses	2,837,015	3,653,670
Payroll taxes and benefits	6,523,800	6,459,313
Insurance and liability claims	<u>871,486</u>	<u>812,793</u>
TOTAL FISCAL AND ADMINISTRATIVE SERVICE EXPENSES	<u><u>\$ 12,942,215</u></u>	<u><u>\$ 13,720,845</u></u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
West Calcasieu-Cameron Hospital
Calcasieu-Cameron Hospital Service District
Sulphur, Louisiana

I have audited the financial statements of West Calcasieu-Cameron Hospital as of and for the year ended December 31, 2009, and have issued my report thereon dated June 17, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit I considered West Calcasieu-Cameron Hospital's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Calcasieu-Cameron Hospital's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether financial statements of West Calcasieu-Cameron Hospital are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, we do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of West Calcasieu-Cameron Hospital and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Steven M. DeRamus, CPA

Lake Charles, Louisiana
June 17, 2010

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedule of Findings
December 31, 2009

A. Financial Statement Items

1. Unqualified opinion on the general-purpose financial statements.
2. Significant deficiency in internal control – Refer to B-1.
3. No instances of noncompliance noted.

B. GAGAS Findings

1. None.

C. Prior Audit Findings

1. None.